

LEGISLATIVE, FINANCE, AND ADMINISTRATION COMMITTEE

A G E N D A

February 11, 2008 - 6:00 P.M. - Council Chambers - City Hall - City of Dover
*Public comments are welcomed on any item and will be permitted at appropriate times.
When possible, please notify the City Clerk (736-7008 or e-mail at
Tmcdowell@dover.de.us) should you wish to be recognized.*

AGENDA ADDITIONS/DELETIONS

1. Comprehensive Annual Financial Report - Final Presentation
2. Amendment to Robbins Hose Company Annual Contribution in the CIP to Reflect New Cost of Engine 5 Replacement
3. Request of Capital School District - New Construction Surcharge
4. Status of Incentives for Downtown
5. Adjournment by 7:00 P.M.

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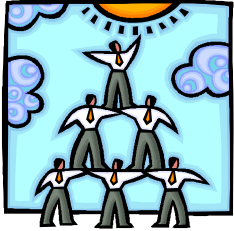
A stack of white papers, slightly blurred, set against a light blue background.A close-up of a clock face, showing numbers and hands, set against a light blue background.

City of Dover

A stack of white papers, slightly blurred, set against a light green background.A close-up of a clock face, showing numbers and hands, set against a light yellow background.

Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2007

Introductory Section



Letter of Transmittal
Elected & Appointed Officials Commissions
Organizational Chart

Financial Section



Auditor's Report
Management's Discussion & Analysis
Basic Financial Statements
Required Supplementary Information
Supplementary Information

Statistical Section



Detailed Information of Financial Trends, Revenue
Capacity, Debt Capacity, Demographic and
Economic Information, and Operating Information

City of Dover

Net Assets

As of June 30, 2006 and 2007

		Governmental Activities		Business-Type Activities		Total	
		2006	2007	2006	2007	2006	2007
Assets							
	Non-capital assets	\$ 17.8	\$ 19.8	\$ 64.6	\$ 63.3	\$ 82.4	\$ 83.1
	Capital assets	30.1	32.4	109.0	108.7	139.1	141.1
	Total assets	\$ 47.9	\$ 52.2	\$ 173.6	\$ 172.0	\$ 221.5	\$ 224.2
Liabilities							
	Current liabilities	\$ 4.2	\$ 3.0	\$ 11.6	\$ 14.5	\$ 15.8	\$ 17.5
	Non-current liabilities	4.2	4.1	27.2	24.0	31.4	28.1
	Total liabilities	\$ 8.4	\$ 7.1	\$ 38.8	\$ 38.5	\$ 47.2	\$ 45.6
Net Assets							
	Invested in capital assets, net of related debt	\$ 27.0	\$ 29.7	\$ 89.1	\$ 89.3	\$ 116.1	\$ 119.0
	Restricted net assets	0.9	1.6	33.8	29.8	34.7	31.4
	Unrestricted net assets	11.6	13.8	11.9	14.4	23.5	28.2
	Total net assets	\$ 39.5	\$ 45.1	\$ 134.8	\$ 133.5	\$ 174.3	\$ 178.6

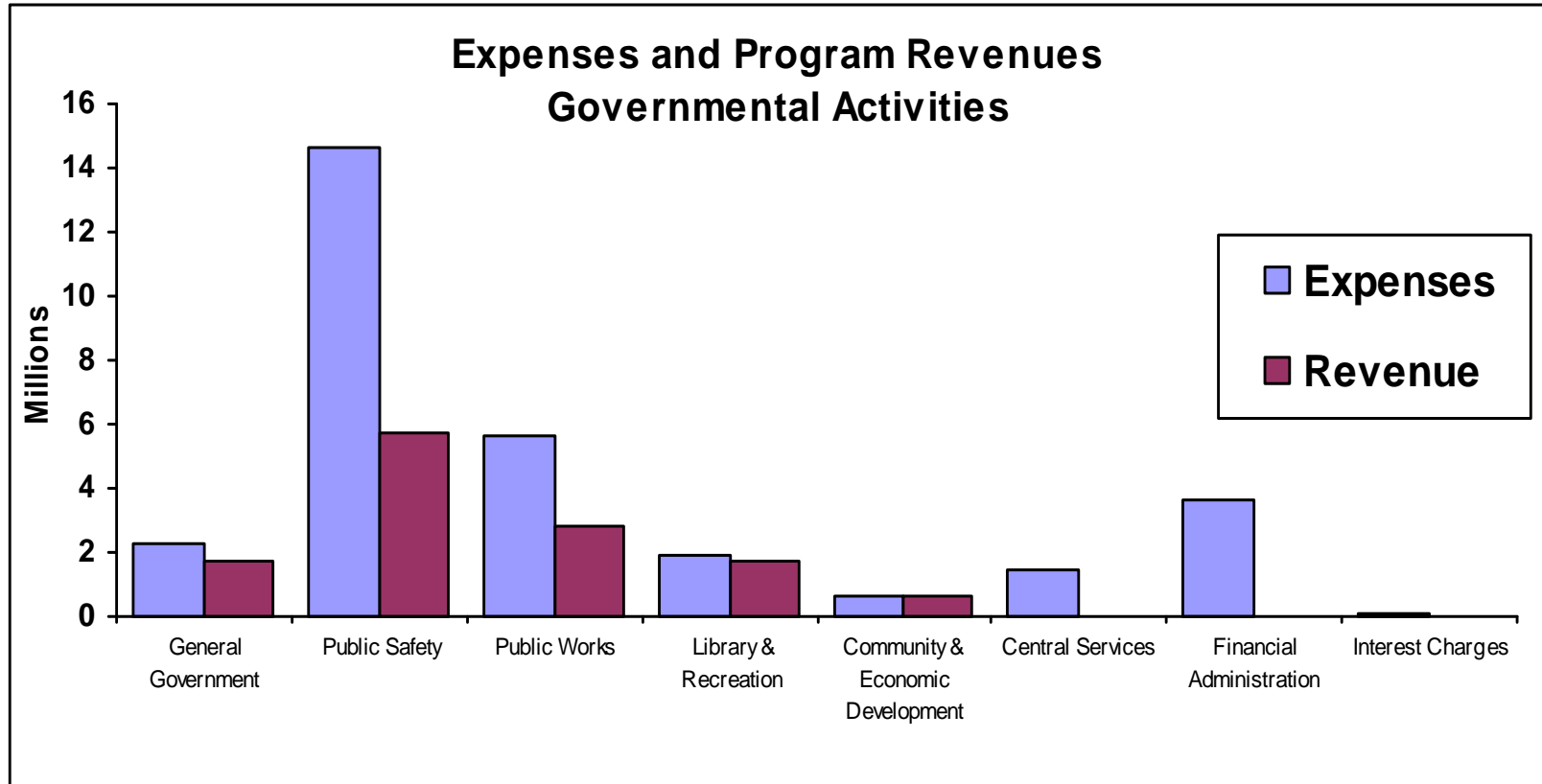
City of Dover

Change in Net Assets

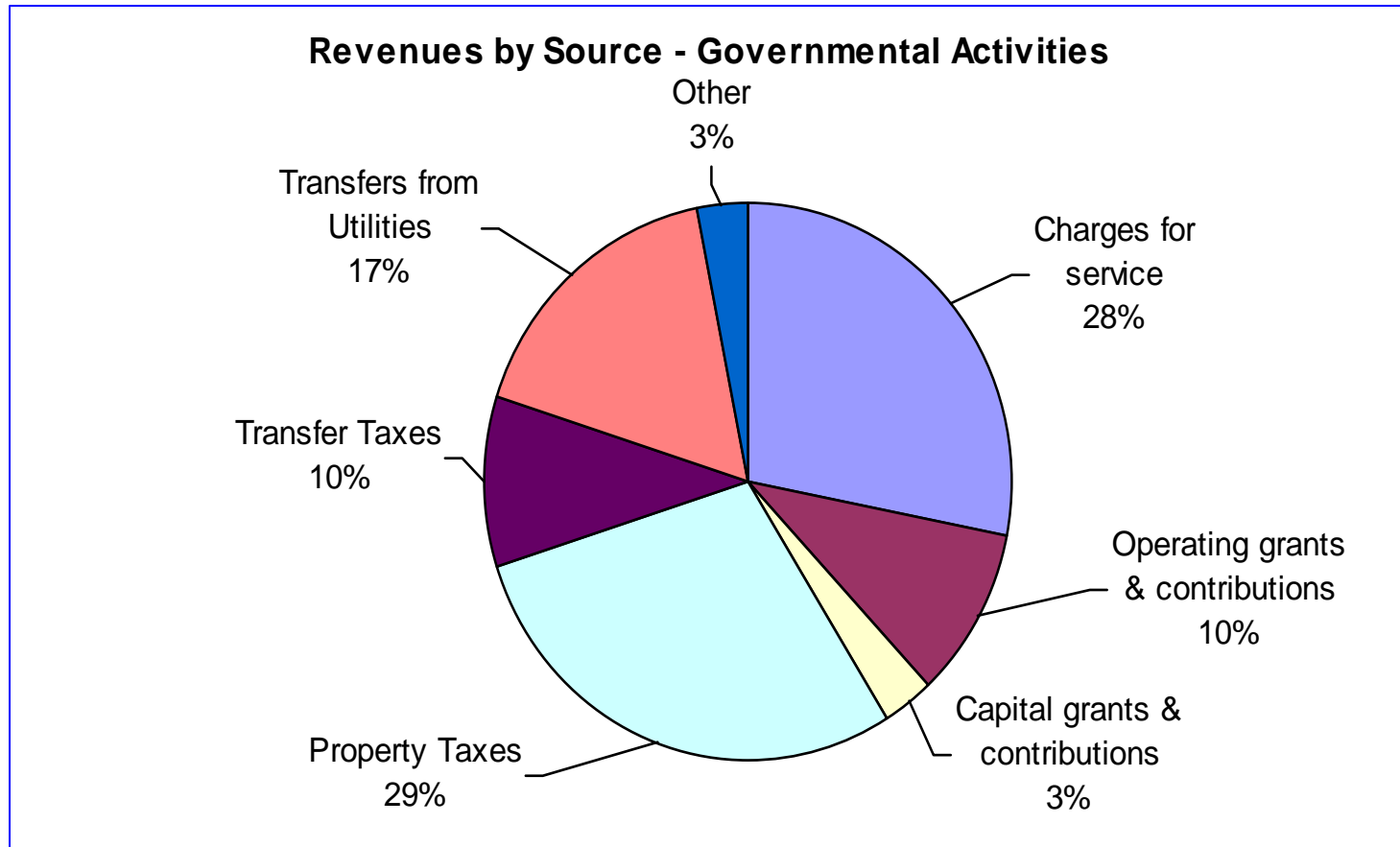
As of June 30, 2006 and 2007

	Governmental Activities		Business-Type Activities		Total	
	2006	2007	2006	2007	2006	2007
Revenues:						
Program revenues						
Charges for services	\$ 7.7	\$ 8.6	\$ -	\$ -	\$ 7.7	\$ 8.6
Water/wastewater charges for services	-	-	12.5	12.5	12.5	12.5
Electric charges for services	-	-	68.0	87.0	68.0	87.0
Operating grants and contributions	3.1	3.1	-	-	3.1	3.1
Capital grants and contributions	0.5	0.8	-	-	0.5	0.8
General revenues						
Property taxes	8.8	9.0	-	-	8.8	9.0
Transfer taxes	3.1	3.0	-	-	3.1	3.0
Earnings on investments-other	0.6	1.2	1.5	2.6	2.1	3.8
Total revenues	\$ 23.8	\$ 25.7	\$ 82.0	\$ 102.1	\$ 105.8	\$ 127.8
Expenses						
General government	\$ 1.8	\$ 2.3	\$ -	\$ -	\$ 1.8	\$ 2.3
Public safety	13.9	14.6	-	-	13.9	14.6
Public works	5.2	5.6	-	-	5.2	5.6
Library and recreation	1.3	1.9	-	-	1.3	1.9
Community and economic development	0.6	0.6	-	-	0.6	0.6
Central services	1.4	1.5	-	-	1.4	1.5
Financial administration	3.8	3.6	-	-	3.8	3.6
Interest charges	0.1	0.1	-	-	0.1	0.1
Plus (less) indirect expense allocation	(4.7)	(4.7)	4.7	4.7	-	-
Water/wastewater	-	-	8.2	8.7	8.2	8.7
Electric	-	-	55.1	84.6	55.1	84.6
Total expenses	\$ 23.4	\$ 25.5	\$ 68.0	\$ 98.0	\$ 91.4	\$ 123.5
Increase in net assets before transfers	0.4	0.2	14.0	4.1	14.4	4.3
Transfers	6.3	5.4	(6.3)	(5.4)	-	-
Change in net assets	\$ 6.7	\$ 5.6	\$ 7.7	\$ (1.3)	\$ 14.4	\$ 4.3
Net assets, beginning of year	32.8	39.5	127.1	134.8	159.9	174.3
Net assets	\$ 39.5	\$ 45.1	\$ 134.8	\$ 133.5	\$ 174.3	\$ 178.6

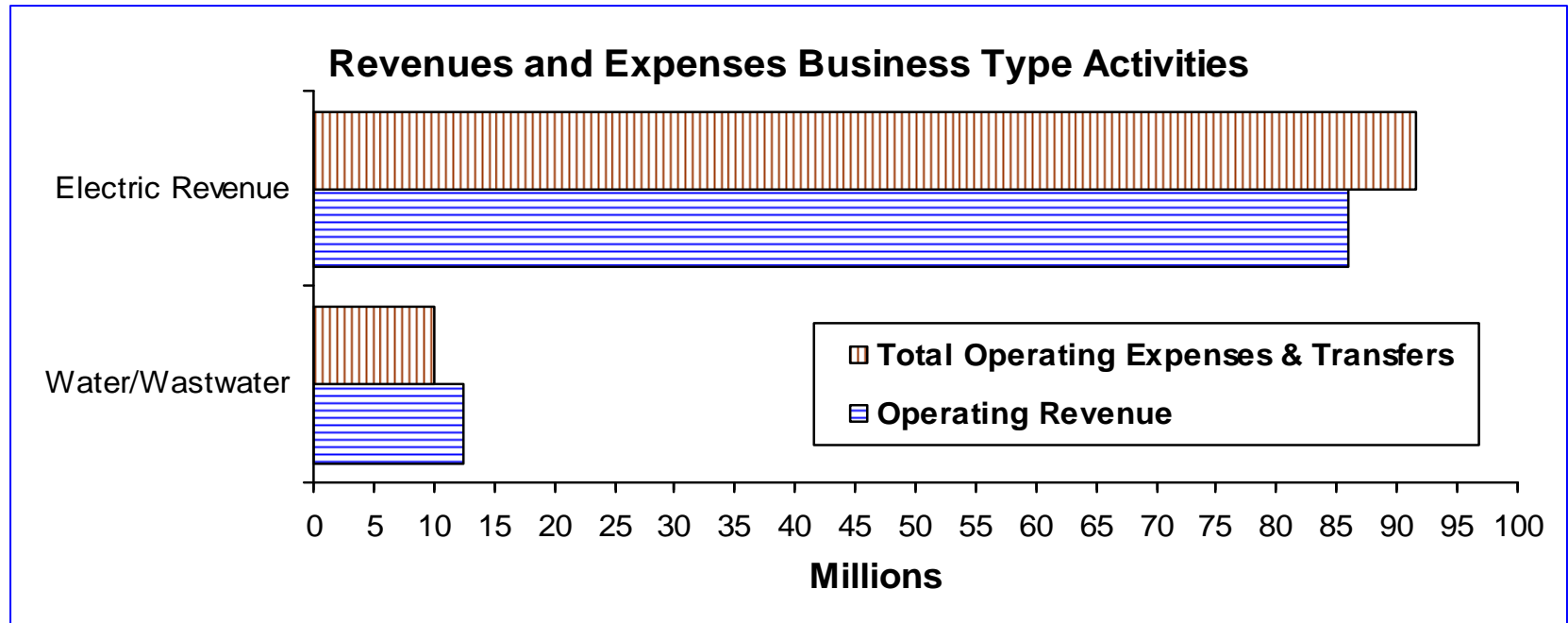
City of Dover Governmental Activities For the Year Ended June 30, 2007



City of Dover Governmental Activities For the Year Ended June 30, 2007



City of Dover Business Type Activities For the Year Ended June 30, 2007



The City of Dover
Statement of Activities
For the Year Ended June 30, 2007

	Expenses	Indirect Expenses Allocation	Program Revenue			Net (Expenses) Revenue and Changes in Net Assets		Total
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	
Functions/Programs								
Governmental activities								
General government	\$ 2,442,446	\$ (970,342)	\$ 1,683,817	\$ 16,000	\$ -	\$ 227,713	\$ -	\$ 227,713
Public safety	14,509,849	-	4,499,315	1,207,784	-	(8,802,750)	-	(8,802,750)
Public works	5,554,060	(762,825)	1,312,328	656,322	790,612	(2,031,973)	-	(2,031,973)
Library and recreation	1,875,872	-	1,100,412	581,248	-	(194,212)	-	(194,212)
Community and economic development	639,545	-	-	647,191	-	7,646	-	7,646
Central services	1,536,392	(984,350)	-	-	-	(552,042)	-	(552,042)
Financial administration	3,642,278	(2,053,853)	-	-	-	(1,588,425)	-	(1,588,425)
Interest charges	106,815	-	-	-	-	(106,815)	-	(106,815)
Total governmental activities	\$ 30,307,257	\$ (4,771,370)	\$ 8,595,872	\$ 3,108,545	\$ 790,612	\$ (13,040,858)		\$ (13,040,858)
Business type activities								-
Water/wastewater	8,754,443	1,092,328	12,525,215	-	-	-	2,678,444	2,678,444
Electric	84,618,945	3,679,042	87,014,071	-	-	-	(1,283,916)	(1,283,916)
Total business type activities	\$ 93,373,388	\$ 4,771,370	\$ 99,539,286	\$ -	\$ -			
Total City						(13,040,858)	1,394,528	(11,646,330)
General revenues								
Taxes								
Property taxes						9,032,995	-	9,032,995
Transfer taxes						3,008,371	-	3,008,371
Earnings on investments						1,230,540	2,664,831	3,895,371
Total general revenues						13,271,906	2,664,831	15,936,737
Transfers						5,385,000	(5,385,000)	-
Total general revenues and transfers						18,656,906	(2,720,169)	15,936,737
Changes in net assets						5,616,048	(1,325,641)	4,290,407
Net assets beginning						39,533,737	134,749,356	174,283,093
Net assets ending						\$ 45,149,785	\$ 133,423,715	\$ 178,573,500
See accompanying notes to financial statements								

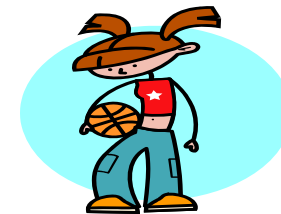


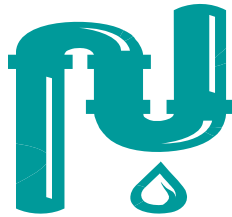
General Fund Change in Revenues & Expenditures FY07 vs. FY06 (Budgetary Basis – CAFR Page 90 & 91)



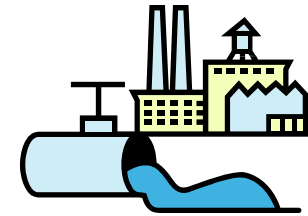
Civil Traffic Penalties	\$ (395.9)
Court of Chancery Fees	136.8
Fines & 911 Fees	(49.7)
Grants - Homeland/Recreation	(34.2)
Investment Income	44.5
Library Receipts	537.3
Licenses & Permits	223.5
Miscellaneous Fees & Services	352.7
Property Taxes	240.3
Transfer Taxes	(38.6)
Sanitation Fees/Rebates	40.1
Transfers from Utilities & Other Funds	(1,153.9)
Total Change in Revenues	\$ (97.1)
Decrease in Budget Balance	\$ (1,506.9)

Debt Service	\$ (107.4)
Engineering Services	25.5
Financial Administration	103.0
Garage & Stores	(14.3)
General Government	164.2
Insurance	12.4
Library Services	46.0
Public Safety & Law Enforcement	1,050.5
Public Works - Adm., Grounds, Facilities	456.3
Recreation Services	747.7
Retiree Health Care	90.8
Street Lights	78.8
Streets & Sanitation	43.7
Transfer to OPEB/Pension	402.2
Transfer to/(from) Reserves	(1,689.6)
Total Change in Expenditures	\$ 1,409.8





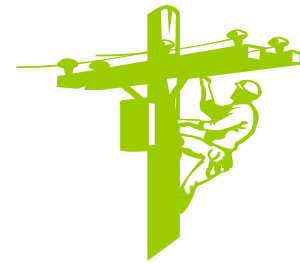
Water & Wastewater Funds
Change in Revenues & Expenditures
FY07 vs. FY06
(Budgetary Basis – CAFR Page 108)



Water Fees	\$ (38.8)
Wastewater Fees	13.6
Kent County Sewer Fees	(11.6)
Water Tank Leases	(17.8)
Impact Fee	(126.4)
Investment Income	39.4
Miscellaneous Fees & Services	(33.4)
Total Change in Revenues	\$ (175.0)
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Increase in Budget Balances	\$ 613.7
Increase in Water	\$ 178.7
Increase in Wastewater	\$ 435.0

Debt Service	\$ (1,095.2)
Interfund Service Fees	30.6
Kent County Treatment Fees	74.7
Retiree Health Care	7.6
Wastewater Services	(19.6)
Water Services	38.9
Water Construction & Inspection	(24.5)
Water Meter Reading	3.7
Water Treatment Plant	104.0
Transfer to General Fund	(0.8)
Transfer to OPEB	90.1
Transfer to/(from) Reserves/ I & E Fund	1.8
Total Change in Expenses	\$ (788.7)

Electric Revenue Fund
 Change in Revenues & Expenditures
 FY07 vs. FY06
 (Budgetary Basis – CAFR Page 110)



Direct Base Sales	\$ 19,030.6
Utility Tax	368.7
Rental Income	(18.2)
Duke Rebate	(1,843.0)
Investment Income	165.6
Miscellaneous Fees & Services	1,541.7
Transfer In Rate Stabilization Reserve	5,000.0
Total Change in Revenues	\$ 24,245.4
Increase in Budget Balance	\$ 2,826.6

Power Supply & Generation	\$ 27,117.9
Utility Tax	368.7
Administration	(229.3)
Transmission & Distribution	138.0
Electric Engineering	122.2
Electric Meter Reading	(21.3)
Interfund Service Fees	26.9
Bad Debt Expense & Deposit Interest	(118.2)
Debt Service	(51.2)
Retiree's Health Care	35.6
Transfer to General Fund	(1,017.0)
Transfer to Reserves/ I & E Fund	(4,953.5)
Total Change in Expenses	\$ 21,418.8



Pension Trust Funds Pension Plan Activity July 1, 2007 & July 1, 2006

<u>Employee Pension Plan</u>	2007	2006
Balance at beginning of year	\$15,679,154	\$14,884,935
Contributions & Non-Investment Receipts		
City Contributions (incl. ~ \$600 addition)	\$2,776,535	\$1,738,682
Employee Contributions	267,718	259,427
Total Contributions & Non-Investment Receipts	\$3,044,253	\$1,998,109
Disbursements		
Benefit Payments	\$2,360,730	\$2,698,570
Employee Refunds	26,609	60,216
Advisory Expenses	22,070	19,600
Total Disbursements	\$2,409,409	\$2,778,386
Investment Activity:		
Dividends & Interest	\$439,249	\$827,445
Net appreciation of fair value	2,304,959	796,789
Investment Expenses	(55,357)	(49,738)
Net Investment Activity	\$2,688,851	\$1,574,496
Net Pension Activity	\$3,323,695	\$794,219
Balance at end of year	\$19,002,849	\$15,679,154
Actuarial Accrued Liability	\$42,335,142	\$41,103,526
Unfunded Liability	(\$23,332,293)	(\$25,424,372)
% Funded	44.9%	38.1%
Approximate yield on investments after expenses	16.8%	10.9%

<u>Police Pension Plan</u>	2007	2006
Balance at beginning of year	\$12,471,057	\$11,944,213
Contributions & Non-Investment Receipts		
City Contributions	\$95,320	\$103,314
Employee Contributions	101	2,627
State Contributions	647,153	612,497
Miscellaneous Income (auction)	2,462	2,434
Total Contributions & Non-Investment Receipts	\$745,036	\$720,872
Disbursements		
Benefit Payments	\$1,246,539	\$1,414,281
Advisory Expenses	16,530	15,400
Total Disbursements	\$1,263,069	\$1,429,681
Investment Activity:		
Dividends & Interest	\$323,953	\$645,604
Net appreciation of fair value	1,714,704	628,954
Investment Expenses	(41,359)	(38,905)
Net Investment Activity	\$1,997,298	\$1,235,653
Net Pension Activity	\$1,479,265	\$526,844
Balance at end of year	\$13,950,322	\$12,471,057
Actuarial Accrued Liability	\$17,589,169	\$17,532,104
Unfunded Liability	(\$3,638,847)	(\$5,061,047)
% Funded	79.3%	71.1%
Approximate yield on investments after expenses	16.4%	10.7%

City of Dover
 Worker's Compensation Fund
 For the Year Ended June 30, 2007
 (Budgetary Basis – CAFR Page 114)

Since the completion of the first actuarial analysis and transferring a total of \$360,476 in 2003, the Worker's Compensation Fund has remained stable.



City Contributions	\$ 573,462
Interest Income	38,190
Total Income	611,652
Claims Paid	260,429
Self-Insurance Premium - State	46,403
Administration Fees	84,905
Excess Liability Coverage	28,000
Total Expenses	419,737
Net Change in Assets	\$ 191,915
Net Assets, Beginning of Year	\$ 1,211,478
Net Assets, End of Year	\$ 1,403,393

Final Comments

Good News

- City-Wide – positive results
- Continue to surpass debt service ratios
- Self-Insured Workers' Compensation Fund – Healthy

Improvement

- Pension Unfunded Liabilities
- Wastewater Inflow/Infiltration

Proceed with Caution

- Other Post Employment Benefits Effective 7/1/09



ACTION FORM

PROCEEDING: Legislative, Finance & Administration	AGENDA ITEM NO.: 02/11/2008
DEPARTMENT OF ORIGIN: FIRE	DATE SUBMITTED: 01/11/2008
PREPARED BY: Chief David Carey, City Manager	
SUBJECT: Amend Robbins Hose Company Annual Contribution in the CIP to Reflect New Cost of Engine 5 Replacement	
REFERENCE:	
RELATED PROJECT:	
APPROVALS: Finance Director, City Manager	
EXHIBITS: Modified CIP sheet	
EXPENDITURE REQUIRED FY08/09 – FY11/12: \$180,300 or \$195,300 annually as explained below	
AMOUNT BUDGETED IN CIP: \$450,000 (\$150,000 annually in FY 08/09, FY09/10 FY10/11).	
FUNDING SOURCE (Dept./Page in CIP & Budget): Fire CIP Page: Page 171	
TIMETABLE: Upon modification of the CIP, equipment will be ordered; order and down payment of \$5,000 must be in by February 27, 2008 to secure current prices. Estimated delivery would be the late 2008.	
RECOMMENDED ACTION: Approval of amendment to Robbins Hose Company CIP sheet of the City 07/08 Budget, down payment of \$5,000 and ordering of replacement Engine #5.	

BACKGROUND AND ANALYSIS

In accordance with the CIP for next fiscal year the Dover Fire Department sent out a specification for a replacement piece of fire apparatus to replace the current Engine 5 which is a 1989 Mack/Pierce. There is a long delivery time for fire engines which require the order to be placed well in advance of the fiscal year.

Engine 5 is 19 years old and we currently have a 15 year replacement program. The current engine lacks dependability which could jeopardize firefighter safety. The specification was sent out to four vendors, American LaFrance, KME, Seagrave, and Pierce. Pierce was the only vendor to submit a proposal.

The proposal for the specification came in at a cost of \$588,614. They also bid an optional cab which would lower the cost to \$539,299. The engine committee chose to go with the optional cab and also deleted several safety items to bring the truck close to the City's projected budget (CIP). That price is \$512,764, inflating for a 3% maximum change order limit the price is \$528,146. To finance this option over three years (using current market rates) would translate into a loan payment of \$180,300 for a total financed cost of \$540,900.

The Fire Chief wants Council to be aware of the following crash safety options : Advanced ABS System, Tire Pressure Management System, Seat Belt Alarms, Side Roll Protection, Additional LED Warning Lights on Cab Doors (exit), Insta Chains, and Frontal Impact. These would bring the cost to \$555,478 including the 3% maximum change order limit. To finance this option over three years (using current market rates) would translate into a loan payment of \$195,300 for a total financed cost of \$585,900.

Research was completed to determine if the City paid for the truck being replaced. The files are not complete; however we were able to determine \$120,000 of City monies were used to pay for the 1989 Mack.

* The payments are subject to change based on prevailing interest rates at time of financing.

Board of Education
Phillip Martino, Jr., President
Raymond Paylor, Vice President
Darryl Scott
Thomas Keitel
Kiran Clements

Capital School District
"A Premier School District"
945 Forest Street
Dover, DE 19904-3498

Superintendent of Schools
Michael D. Thomas, Ed. D.
Voice: (302) 672-1555
Fax: (302) 672-1715
Email: mthomas@capital.k12.de.us

December 18, 2007

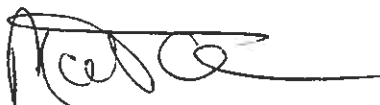
Mr. Tony DePrima
City Manager
City of Dover
P. O. Box 475
Dover, DE 19903-0475

Dear Tony:

In follow-up to our recent phone conversation, please find enclosed a copy of the surcharge proposal submitted to Dover City Council for its consideration last February. As we discussed, the board of education desires city council carefully consider the surcharge proposal. Since the city is also considering other surcharges for its use, the board felt this would be an opportune time for the city to revisit the district's proposal. I look forward to discussing this issue with you and council.

With highest personal regards, I remain

Very truly yours,



Michael D. Thomas, Ed. D.
Superintendent of Schools

**Proposed Impact Fee
For School Construction – Capital School District
Submitted for Consideration to
Dover City Council**

School Construction Impact Fee

An impact fee of one and one quarter percent (1.250%) of the construction value of the building permit of new residential dwellings (including single-family homes, townhouses, apartment units and mobile homes) and new non-residential structures of all types (including tenant fit-outs of existing structures) shall be assessed at the time the building permit is issued. The proceeds of the impact fee shall be collected on a continuous basis and transferred by the City of Dover to the Capital School District at the end of each quarter. Such funds are to be used by the Capital School District for capital construction to enhance the provision of educational facilities to the residents of the city.

Building permits for decks, sheds, residential additions, pools, fences, sidewalks, moving and demolition, signs and renovations or repairs to existing structures are exempt from this impact fee.

City of Dover
Finance Department – Information Notes
February 20, 2007

Prepared For: Members of Legislative, Finance & Administration Committee

Copy To: Mayor, City Council, City Manager, & City Clerk

Submitted By: *Donna* Donna Mitchell, Treasurer/Finance Director

Subject: Surcharge on Permits – School District

Surcharges on building permits for school district capital construction projects have been implemented by Kent County and the Town of Smyrna. Copies of their respective ordinances and a compilation of sample fees are attached for further information. Each ordinance has or is undergoing recommended changes. The changes are primarily due to budgeting concerns and timing of collections and disbursements as included in the original ordinances. A recap of each ordinance is as follows –

Kent County – School District Capital Improvement Fund (SDCIF)

Less than \$30,000	No fee
1 st \$250,000	1.25%
2 nd \$250,000	.9375%
Next \$500,000	.625%

- Polytech receives 7.2% of the total SDCIF.
- The County computer system is able to account for the receipts by district.
- Disbursements based on proof of state matching funds pursuant to a Certificate of Necessity.
- County retains interest earnings to cover administrative costs, not to exceed \$100,000 annually.
- Planning & Inspections determines the school district.
- County reserves the right to remove any non-qualifying funds not expended within ten years.
- A change is being recommended to remove the requirement to budget disbursement of the funds to the School Districts since they are not County revenues and difficult to project.

Town of Smyrna – School Construction Impact Fee

- Impact fee of 1.25% on the construction permit value of new residential dwellings (including single family homes, townhouses, apartment units and mobile homes) and new non-residential structures of all types (including tenant fit-outs of existing structures).
- The impact fee shall not exceed \$3,750 (see below)
- Building permits for decks, sheds, residential additions, pools, fences, sidewalks, moving and demolition, signs and renovations or repairs to existing structures are exempt.
- Ordinance was amended to delete the provision that it shall not exceed \$3,750 and transfers to be completed at the end of each quarter rather than include specific months.

City of Dover
 Surcharge on Building Permits for School Districts
 Compilation of Sample Charges Implemented by Other Local Governments

Kent County					Town of Smyrna	
	Less than \$ 30,000	1st \$ 250,000	2nd \$ 250,000	Next \$ 500,000		All New Construction
	Exempt	1.25%	0.9375%	0.6250%		1.25%
	\$0	\$ 3,125.00	\$ 2,343.75	\$ 3,125.00		
Value of Single Permit	Proceeds				Value of Single Permit	Proceeds
\$50,000	\$ 625.00				\$50,000	\$ 625.00
\$125,000	\$ 1,562.50				\$125,000	\$ 1,562.50
\$200,000	\$ 2,500.00				\$200,000	\$ 2,500.00
\$250,000	\$ 3,125.00				\$250,000	\$ 3,125.00
\$300,000	\$ 3,593.75				\$300,000	\$ 3,750.00
\$350,000	\$ 4,062.50				\$350,000	\$ 4,375.00
\$400,000	\$ 4,531.25				\$400,000	\$ 5,000.00
\$450,000	\$ 5,000.00				\$450,000	\$ 5,625.00
\$500,000	\$ 5,468.75				\$500,000	\$ 6,250.00
\$1,000,000	\$ 8,593.75				\$1,000,000	\$ 12,500.00

INTRODUCED BY: Commissioners David R. Burris/Ronald D. Smith
DATE INTRODUCED: March 21, 2006
PUBLIC HEARING DATES: April 4, 2006 and July 11, 2006
PUBLIC HEARING TIME: 7:15 P.M.
ADOPTION DATE: July 11, 2006
EFFECTIVE DATE: July 11, 2006

ORDINANCE 06-23

An Ordinance establishing a surcharge on Building Permit fees for the purpose of providing capital funding to specified School Districts of Kent County.

NOW, THEREFORE, THE LEVY COURT OF KENT COUNTY, DELAWARE, HEREBY ORDAINS:

ORDINANCE PROVIDING FOR A SCHOOL DISTRICT CAPITAL IMPROVEMENT FUND

- Section 1. All applications for Building Permits shall be subject to a surcharge of one and one-quarter percent (1.250%) for the first \$250,000, fifteen-sixteenths of one percent (.9375%) for the next \$250,000, and five-eighths percent (.625%) for the next \$500,000 of the proposed construction valuation as determined by the Department of Planning Services for the purpose of establishing financial assistance to individual School Districts, disbursements limited to capital improvements. Notwithstanding the above, applications for Building Permits where the proposed construction value as determined by the Department of Planning Services is less than Thirty Thousand (\$30,000.00) Dollars and such application is submitted following the issuance of the original certificate of occupancy shall be exempted from this Ordinance. Additionally, the surcharge provided for herein shall not be added to building permits applied for by an organization exempt from tax under §501(c)(3) of the federal Internal Revenue Code which provides owner-occupied housing to low income households by rehabilitation of residential properties and reselling said properties without profit, nor to the Delaware State Housing Authority nor to any applicant funded by the Delaware State Housing Authority. The fund shall be known as the School District Capital Improvement Fund ("SDCIF") and shall be held by the County in the name of each of the following individual School Districts: Capital, Caesar Rodney, Lake Forest, Milford, Smyrna, Woodbridge, and POLYTECH. As a county-wide school district, POLYTECH School District will receive 7.2% of the total School District Capital Improvement Funds.
- Section 2. Proceeds of the SDCIF shall be collected on a continuous basis by the Kent County Levy Court and shall be held in a reserved account for each School District. Funds collected for Building Permits issued in each School District shall be accounted for by School District.
- Section 3. Disbursement of Funds. The Kent County Levy Court shall, as part of its annual budgeting process, distribute to each School District the funds collected during the preceding fiscal year provided that:

Ordinance 06-23

Page 2 of 3

- (i) The School District has capital improvements for the ensuing fiscal year that are eligible for state matching funds pursuant to a Certificate of Necessity issued by the State Department of Education (DOE) for such capital improvements.
- (ii) The SDCIF proceeds have been qualified as the School District's matching local share towards capital improvements for purposes of the Certificate of Necessity in (i) above.

Funds not expended in the manner set forth above shall continue to be held in a restricted reserve account for the School District from year to year until such time as they are expended. Kent County may retain interest, if any accruing on such accounts, as an administration fee provided, however, said administration fee shall not exceed \$100,000 per year. The Kent County Levy Court reserves the right to remove to the County's General Fund any non-qualifying funds not expended within ten (10) years of the year in which the funds were collected. School Districts seeking disbursements of the funds shall file an application with the County Department of Finance identifying the qualifying capital improvement project and committing the School District to expend the funds in accordance with the application.

Section 4. Kent County Department of Planning Services shall determine the School District location of each property for which a Building Permit is issued for purposes of calculating the collection and disbursement of funds to the various eligible School Districts.

Section 5. The Kent County Levy Court is authorized to promulgate such rules, procedures and regulations deemed to be necessary for the purpose of giving full force and effect to the provisions of this Ordinance.

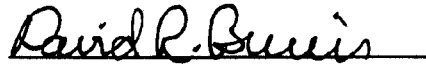
Section 6. The Kent County Levy Court, at the request of the School District, may allow an acceptable credit from a donor for the SDCIF surcharge for in kind contributions to the School District.

Section 7. This Ordinance shall be effective on July 12, 2006; provided; however that Section 1 shall become effective for all contracts entered into after July 11, 2006 for which building permits or certificates of occupancy are sought after July 11, 2006, and no provision of this Ordinance shall be construed to affect transactions resulting from contracts entered into prior to July 12, 2006, so long as a copy of the contract accompanied by an affidavit verifying the existence and validity of the contract shall be submitted to the Director of the Department of Planning Services at the time of making the application for a building permit.

Section 8. If any section, subsection, sentence, clause, or provision of this Act or any application of this Act is held invalid, the remainder of the Act shall not be effected and to this end this Act and its terms are declared to be severable.

Adopted by Levy Court of Kent County on

July 11, 2006



The Honorable David R. Burris
President of Levy Court
Kent County, Delaware

Attest:

 this 11th day of July, 2006
Clerk of the Peace

SYNOPSIS

The purpose of this Ordinance is to provide a capital improvement fund for School Districts in order that the School Districts may utilize said funds together with any matching State funds for the purpose of expanding capacity to accommodate growing demand for such facilities. All monies received by the County will be deposited into an improvement fund held by the County for the benefit of the School District.

This Amendment marginally increases the surcharge to the levels authorized by state law. Further, it clarifies that the surcharge shall not apply for building permit applications made pursuant to construction contracts entered into prior to July 11, 2006. Also it exempts building permit applications 501(c)(3) for rehabilitation of owner-occupied housing to low and moderate income households and for applications where of the secondary construction project is less than \$30,000.00.

FIRST READING: 08/21/06
SECOND READING: 09/05/06
THIRD READING: 09/18/06
SPONSOR: Mayor Schaeffer
ORDINANCE NO: 018-06

AN ORDINANCE TO AMEND CHAPTER 32, IMPACT FEES

BE IT HEREBY ENACTED by the Town Council of the Town of Smyrna, a majority thereof concurring in Council duly met, that Chapter 32, Impact Fees, be amended as follows:

SECTION 1. Amend §32-4 by adding a new sentence at the end of subsection (f) as follows:

Building permits for decks, sheds, residential additions, pools, fences, sidewalks, moving and demolition, signs and renovations or repairs to existing structures are exempt from this impact fee.

SECTION 2. Amend §32-4 by adding a new subsection (h) as follows:

- (h) School Construction Impact Fee. An impact fee of one and one quarter percent (1.25%) of the construction value of the building permit of new residential dwellings (including single-family homes, townhouses, apartment units and mobile homes) and new non-residential structures of all types (including tenant fit-outs of existing structures) shall be assessed at the time the building permit is issued; provided that the impact fee for any single building permit shall not exceed \$3,750. The proceeds of the impact fee shall be collected on a continuous basis and transferred by the Town of Smyrna to the Smyrna School District on or about the end of March, June, September and December of each year. Such funds are to be used by the Smyrna School District for capital construction to enhance the provision of educational facilities to the residents of the Town.

Building permits for decks, sheds, residential additions, pools, fences, sidewalks, moving and demolition, signs and renovations or repairs to existing structures are exempt from this impact fee.

EFFECTIVE DATE: October 4, 2006

This will certify that this is a true and correct copy of the ordinance duly adopted by the Town Council of the Town of Smyrna at its regular Council meeting on September 18, 2006.

SYNOPSIS

This ordinance establishes the school construction impact fee to support the Smyrna School District. It also adds a sentence to the fire company impact fees section to exclude building permits for additions, sheds, alterations, etc.

ATTEST:

Council Secretary

Mayor

This shall certify that the title and synopsis of this Ordinance was published in the Smyrna/Clayton Sun Times on August 30, 2006 and a copy was posted at the Town Hall on August 22, 2006.

So Certifies:

Date

Town Clerk

This shall certify that the title, synopsis and effective date of this Ordinance was published in the Smyrna/Clayton Sun Times on September 27, 2006 and a copy was posted at the Town Hall on September 19, 2006.

So Certifies:

Date

Town Clerk

FIRST READING: 12/04/06
SECOND READING: 12/20/06
THIRD READING: 01/16/07
SPONSOR: Councilwoman White
ORDINANCE NO: 024-06

AN ORDINANCE TO AMEND CHAPTER 32, IMPACT FEES

BE IT HEREBY ENACTED by the Town Council of the Town of Smyrna, a majority thereof concurring in Council duly met, that Chapter 32, Impact Fees, be amended as follows:

SECTION 1. Amend Section 32-4, subsection (h) School Construction Impact Fee by deleting at the end of the first sentence "; provided that the impact fee for any single building permit shall not exceed \$3,750" and placing a period (.) after the word "...issued".

SECTION 2. Amend Section 32-4, subsection (h) School Construction Impact Fee by deleting the following sentence: "The proceeds of the impact fee shall be collected on a continuous basis and transferred by the Town of Smyrna to the Smyrna School District on or about the end of March, June, September and December of each year." And inserting in lieu thereof the following sentence: "The proceeds of the impact fee shall be collected on a continuous basis and transferred by the Town of Smyrna to the Smyrna School District at the end of each quarter".

SECTION 3. Amend §32-12. Impact fee subject to adjustment for inflation. By deleting the following at the end of the first sentence: "...to waive the increase for the following year" and inserting in lieu thereof "...to waive or to increase the adjustment more than the posted change in the CPI for the following year".

EFFECTIVE DATE: _____

This will certify that this is a true and correct copy of the ordinance duly adopted by the Town Council of the Town of Smyrna at its regular Council meeting on _____.

SYNOPSIS

This ordinance removes the cap on impact fees for school construction, changes the payment schedule to be consistent with payment of other impact fees and gives Council the authority to raise or lower the annual adjustment for all impact fees by resolution.

ATTEST:

Council Secretary

Mayor

This shall certify that the title and synopsis of this Ordinance was published in the Smyrna/Clayton Sun Times on December 13, 2006 and a copy was posted at the Town Hall on December 6, 2006.

So Certifies:

Date

Town Clerk

This shall certify that the title, synopsis and effective date of this Ordinance was published in the Smyrna/Clayton Sun Times on _____, _____ and a copy was posted at the Town Hall on _____, _____.

So Certifies:

Date

Town Clerk

LEGISLATIVE, FINANCE AND ADMINISTRATION COMMITTEE

The Legislative, Finance, and Administration Committee meeting was held on February 26, 2007, at 6:30 p.m. with Chairman Salters presiding. Members present were Mr. Hogan, Mr. Shevock, and Mrs. Jones. Mr. Slavin was absent. Members of Council present were Mr. Carey, Mrs. Russell (arrived at 6:39 p.m.), Mr. McGiffin (arrive at 6:35 p.m.), and Mr. Ruane (arrived at 6:35 p.m.). Mayor Speed was also present.

AGENDA ADDITIONS/DELETIONS

Mr. Hogan moved for approval of the agenda, seconded by Mr. Shevock and unanimously carried.

Request of Capital School District - New Construction Surcharge

Members reviewed a letter received from Dr. Michael Thomas, Superintendent of Schools for the Capital School District, requesting members to consider the adoption of a surcharge on new home construction, similar to the ordinance enacted last year by Kent County Levy Court. The ordinance would provide financial support for the school district in funding future capital projects. Dr. Thomas indicated that at least one municipality in Kent County (Town of Smyrna) has enacted such a surcharge and that other municipalities are in the process.

Mrs. Mitchell, Treasurer/Finance Director, provided members with copies of the ordinances adopted by Kent County and the Town of Smyrna, and a compilation of sample charges. She also provided and reviewed a recap of each ordinance.

Responding to Mr. Salters, Mrs. Mitchell stated that the monies would be dispersed between either Capital or Caesar Rodney School District, based on which district the property is located. She stated that it was her understanding that the County is only collecting a surcharge for those properties that are located in the unincorporated areas of Kent County. For further clarification, Mr. DePrima advised members that Kent County does not issue building permits for properties located in a municipality.

Mr. Shevock questioned if the schools would be permitted to use the money collected by the City for major capital improvements that are outside of the city limits. Responding, Mrs. Mitchell stated that the City could include stipulations in the ordinance that would provide certain requirements for use of the money. Mr. Shevock also questioned if the monies collected could be used to pay on the debt service of the district in order to lower the tax for the taxpayers if there was no major capital program for the school district. Again, Mrs. Mitchell confirmed that the ordinance could be written to allow for the monies to be applied towards capital projects or debt service.

Responding to Mr. Ruane, Mrs. Mitchell stated that the City Solicitor has not been requested to review the request to determine if there is any restriction in the City Charter that would prohibit the City from adopting such an ordinance.

Mayor Speed suggested that staff also determine if there is legislation that would require the State to grant the City authorization to institute such a surcharge, noting that the County had to obtain such permission.

Dr. Thomas introduced the Board Members of the Capital School District, Mr. Keitel, Mr. Scott, Mr. Martino (President), Mr. VanSant, and Mr. Sockoloski, Business Manager. Mr. Martino advised members that during the last 1½ years, the Capital School District has compiled a facilities master plan for all buildings. There are 12 buildings, one of which is not located in the city limits. Through this process, it was discovered that all buildings need to be replaced over the next ten (10) to 15 years. He indicated that all the buildings are old. The District will be going to referendum for the first phase on March 7, 2007 and are exploring all avenues to help pay for this process.

Concurring with Mr. Hogan, Mr. Martino stated that although there will not be a substantial amount of money collected, there is a perception issue to the taxpayer regarding fairness. He explained that although the County has instituted the impact fee for new construction outside of City limits, there are no monies collected for new construction within the City limits. Therefore, the Capital School District is requesting consideration for instituting an impact fee for new construction within the City limits, which is where most of the buildings for the Capital School District are located. In addition, there is the perception from those residents that have lived in Dover for several years that they are being required to pay for building and updating schools that are necessary because of the many new residences which have impacted the School District. These long-time residents feel that new residents should be required to pay their share for these additional costs.

Mr. Keitel stated that based on the projected growth, it is his opinion that there will be substantial monies collected, noting that 1¼% to 1½ % collected for each \$300,000 to \$400,000 home will add up. He explained that the key is that the money is being collected as a surcharge because these homes will most probably have children that will ultimately result in the need for more facilities. Once the schools are built, the school district will continue to collect property tax from all taxpayers in order to maintain the new buildings and renovate them when necessary. Mr. Keitel stressed that the importance of the surcharge is due to the need for more buildings because there are more people moving into the district. He stated that there currently are enough schools for the people that live here now; however, if the population is increased by 20%, it will be necessary to have one (1) or two (2) more schools.

In response to Mr. Hogan, Dr. Thomas stated that the ordinance could be written to provide some type of exclusion for housing constructed for senior citizens.

In terms of population growth, Mrs. Townshend, City Planner, estimated that there has been growth of approximately 1½% per year, which may begin to decline. However, she stated that the City has been receiving a large number of commercial development projects and there is no indication that this will be changing.

Noting that population forecasts for school aged children is expected to decline by the year 2015-2016, Council President Williams requested that Dr. Thomas provide information to confirm or deny the forecast. In addition, regardless of the income projections, she stated that when the Levy Court passed their ordinance, everyone knew it was pennies on the dollar compared with the actual amount needed to build new schools. She questioned if the school district or the State could provide information on other strategies to meet this need, such as the consolidation of school districts, resources, administration, etc. to meet the demand.

Mrs. Mitchell provided members with the following estimates: for the months of January - May, and October 2006, 11.5% of the permits issued were in excess of \$30,000; the total permit value averaged \$5.2M; and the average monthly surcharge would be \$50,000 equating to \$660,000 - \$720,000 annually.

Mr. Hogan moved to recommend continued study of this concept and requested staff's review for a report at a later date, seconded by Mrs. Jones and unanimously carried.

Mr. Hogan moved for adjournment, seconded by Mr. Shevock and unanimously carried.

Meeting Adjourned at 7:11 P.M.

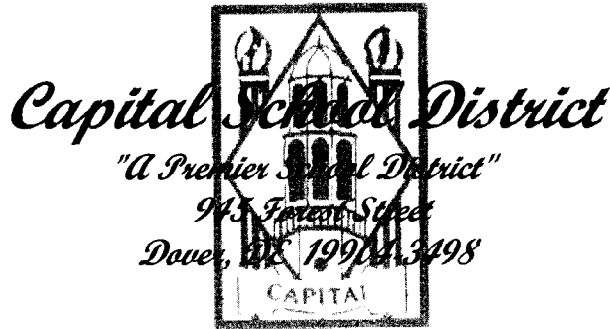
Respectfully submitted,

Reuben Salters
Chairman

RS/TM/jg

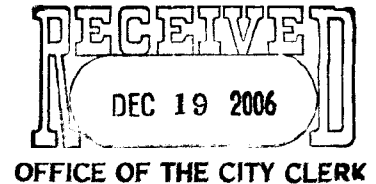
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Board of Education
Phillip Martino, Jr., President
Raymond Paylor, Vice President
Thomas Keitel
Darryl Scott
Douglas A. Van Sant



Superintendent of Schools
Michael D. Thomas, Ed. D.
Voice: (302) 672-1555
Fax: (302) 672-1715
Email: mthomas@capital.k12.de.us

December 15, 2006



Mr. Reuben Salters
Dover City Council
Chairman, Legislative, Finance, & Administrative Committee
City of Dover
P. O. Box 475
Dover, DE 19903-0475

Dear Mr. Salters:

The Capital School District Board of Education is requesting placement on the meeting agenda of the Dover City Council. In discussing this matter with Tony DePrima, City Manager, he suggested this request be made to you as Chairman of the Legislative, Finance and Administrative Committee.

The purpose of the Board of Education's request is to engage in dialogue with the city council for its consideration of adopting a surcharge on new home construction, similar to the ordinance enacted last year by Kent County Levy Court. As you may be aware, this ordinance will provide financial support for the school district in funding future capital projects. At least one municipality in Kent County has enacted a surcharge and other municipalities are in the process.

The Board of Education looks forward to hearing from you on the request for placement on the Dover City Council meeting agenda. If I may answer any questions or provide information in expediting this request, please do not hesitate to contact me.

With highest personal regards, I remain

Very truly yours,

A handwritten signature in black ink, appearing to read "Michael D. Thomas".

Michael D. Thomas, Ed. D.
Superintendent of Schools

Cc: Traci McDowell, City Clerk
Phil Martino, Jr., President, Board of Education

Board of Education
Phillip Martino, Jr., President
Raymond Paylor, Vice President
Darryl Scott
Thomas Keitel
Kiran Clements

Capital School District

"A Premier School District"

*945 Forest Street
Dover, DE 19904-3498*

Superintendent of Schools
Michael D. Thomas, Ed. D.
Voice: (302) 672-1555
Fax: (302) 672-1715
Email: mthomas@capital.k12.de.us

RECEIVED

AUG 31 2007

BY FINANCE DEPT.

August 29, 2007

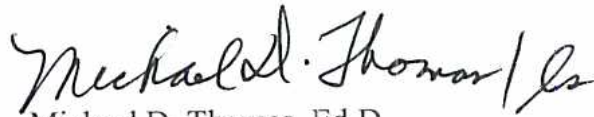
Donna S. Mitchell
City of Dover
P. O. Box 475
Dover, DE 19903-0475

Dear Ms. Mitchell:

I am enclosing a copy of the Capital School District Demographic Study completed by Becker Morgan Group in July, 2006. You had requested information pertaining to population forecasts for school age children.

If you have any questions regarding this report, please do not hesitate to contact me.

Sincerely,



Michael D. Thomas, Ed.D.
Superintendent



CAPITAL SCHOOL DISTRICT

DEMOGRAPHIC STUDY

JULY, 2006

OVERVIEW

The Capital School District is preparing a long-range master plan to ensure the adequacy of its educational facilities. The team of Fanning Howey and the Becker Morgan Group are assisting the district in the preparation of the plan. One of the key components of the plan is an enrollment projection.

Recently, there was an opportunity to meet with key personnel at the state level regarding demographic projections. The professionals indicated that the state is starting the process of preparing demographic projections on sub-county areas including school districts. The meeting provided valuable insight into the current demographic methodology used by the state that will be used in sub-county projections.

While the "tried and true" cohort survival method remains a mainstay of most demographic projections, experience has shown that it is not always the only method to use. There are three other demographic techniques demographers use including the mathematical method which relies on regression analysis; the ratio method which apportions projections developed for larger areas to smaller study areas; and, the econometric modeling method which links socio-demographic factors to population levels. The latter was not used in this study due to lack of data.



For this study the ratio method is one of the key techniques. The State of Delaware has a history of preparing extremely accurate demographic projections on the state and county level. Actual population counts have varied by less than one-half percent for the years that the decennial census has been conducted. Therefore, using the ratio method whereby the district population and enrollment projections are driven by the state projections is appealing.

The three methods were assessed as part of this study. Based upon that analysis the cohort survival method was evaluated to be the best for this study. While no method is perfect, the cohort survival method, due to the number of variables that can be accounted for, was selected for use in the study however, the projections using all three methods are included in the report.

DATA COLLECTION

The first task was to collect the relevant demographic and associated statistical data. This included, but was not limited to U.S. Census data; birth and death statistics from the State of Delaware; IRS migration reports, and building permit information.

Fanning Howey has an extensive demographic database for the state, counties, boroughs and townships within the State of Delaware. These data include hard statistical information from the 2000 and 1990 Census, updates from the 1995 Estimated Census and 2004 information from Applied Geographic Solutions (AGS); one of the demographic industry's leading sources of post-census population and household data.

Data was provided by the Capital School District and the State of Delaware on past enrollment. The data was broken down by grade levels.

PCensus-USA™ is the software used to manage the database. One of the advantages of this software is the ability to generate data for any shape polygon. Therefore, the boundary of the Capital School District was plotted using a program entitled MapInfo Professional™ and a shape file from the U.S. Census Bureau.



The PCensus for MapInfo™ program was then used to generate detailed demographic statistics for the polygon that represents the boundary of the Capital School District. Data were also generated for Kent County and the State of Delaware.

METHODOLOGY

The following are the methodologies used in the four projection techniques including the mathematical method (regression analysis); the ratio method; the econometric modeling method which links socio-demographic factors to population levels; and, the cohort survival method.

Regression Analysis: Past district enrollment levels were entered into the spreadsheet model. Using the regression analysis function the enrollment levels were projected for the future ten-year planning period.

Ratio Method: Historic population data were collected for Delaware, Kent County and Capital School District. Future population estimates and projections based on information from the State of Delaware were also collected. The ratios between the actual population levels for all three units (state, county and district) were calculated. Those ratios were then applied to the published population projections for the state and county to obtain an estimate of what the district demographics will be. The accuracy of past ratios between actual and anticipated demographics was assessed.

Cohort Survival Method: The start of this method is to divide the district population into distinct five-year [5] increment age groups (cohorts). Therefore, the population of the district was divided into those persons age 0 to 4, 5 to 9, 10 to 14, etc. Due to the small size of the final cohort, persons age 85 and over are considered as one cohort.

Using a combination of the annual fertility and mortality rates for each cohort, the population was “aged” each year throughout the planning period. The fertility and mortality rates are taken from various sources including vital statistics from the State of Delaware and other established sources such as the insurance industry.



Population changes are also affected by migration into and out the area. Traditionally, this is the most difficult factor to assess. The level of migration was considered in several ways. First, local housing start data was incorporated into the population projection model. Another macro-level source of data is the Internal Revenue Service. The IRS codes the individual income tax returns by the social security number of the primary filer. The code establishes the location of the home from which the return was filed. The following year the location code of the primary filer is compared to the previous year's location code. Tables of outflows and inflows by county for each state are developed. Again, this represents macro-level data that is useful for spotting general county-wide trends.

In addition, the State of Delaware has published tables of actual and projected migration for each county. These data were also used.

Whenever possible, as much of this information was used to augment the cohort survival method. The result is the development of a ten-year demographic projection for the population residing in the Capital School District. While interesting and important the annual survival ratio from one cohort to the next is primarily done to provide needed information, especially about births, upon which future kindergarten enrollment relies.

Following completion of the district-wide population projection the next step was to develop a grade-to-grade enrollment projection. This was done by assessing the grade-to-grade survival ratio for the past several years. In a district with a very stable population and little growth and development as ascertained by the district-wide population study, applying these survival ratios to each grade provides the enrollment projection. The only other additional factor is the yearly influx of kindergarten students as determined from actual or anticipated births. If, however, it is determined during the district-wide study that there is new population movements then the grade-to-grade survival ratio needs to be augmented.



STATISTICS AND FACTORS USED IN THE DEMOGRAPHIC PROJECTION

This section outlines the statistics and factors that are an integral part in all of the projection models.

Fertility, Mortality and Migration: In order to “age” the population cohorts in the Capital School District, fertility and mortality rates had to be established. Also, the migration rate had to be determined. The following table showing the actual births and deaths for the years 2000 and 2005 for the State of Delaware and Kent County are shown in the following table. The actual 2000 population for the Capital School District is shown as well as the estimates for 2005. The figures for 2010 and 2015 are taken from data supplied by the State of Delaware and extrapolated for the Capital School District.

	2000	2005	2010	2015
Delaware, State of				
Population	786,441	843,524	895,601	940,655
Births	10,986	11,393	11,862	12,111
Deaths	7,040	7,146	8,153	8,892
Net Migration	5,030	7,357	5,967	5,410
Kent County				
Population	127,108	143,968	157,522	167,124
Births	1,924	2,156	2,341	2,411
Deaths	1,098	2,678	1,250	873
Net Migration	1,131	2,678	1,250	873
Capital School District				
Population	46,664	51,452	55,485	58,585
Births	679	734	782	802
Deaths	410	704	471	424
Net Migration	149	218	177	161

Development: The following table shows the actual and projected housing units that have been built in the district since 1939 when such data was collected by the U.S. Census Bureau.



	Total	Change	Per Year
Projected 2010 to 2016	2,261	26,009	323
Projected 2005 to 2009	2,599	23,748	520
Built April 2000 to 2004	2,129	21,149	448
Built 1999 to March 2000	441	19,020	353
Built 1995 to 1998	1857	18,579	464
Built 1990 to 1994	2687	16,722	537
Built 1980 to 1989	3559	14,035	356
Built 1970 to 1979	3559	10,476	356
Built 1960 to 1969	2,629	6,917	263
Built 1950 to 1959	2,043	4,288	204
Built 1940 to 1949	817	2,245	82
Built 1939 or earlier	1,428	1,428	

Based on these data, the peak housing years were the early 1990's. The late 1990's and the first year of the new century saw a slowdown in the rate of new housing construction. Based on data collected from the district, it appears that the period from 2005 to 2009 will see some renewal of housing development followed by a much slower period from 2010 to 2016. This slowdown is attributable to lack of land within the growth zones of the district.

Survival Ratios: One of the key factors in developing an enrollment projection is the grade-to-grade survival ratios. As a class of students move from one grade to the next, the number advancing is compared to the previous year's enrollment. A percentage greater than one hundred indicates students joined that class. A percentage of less than one hundred indicates that students have left that class.

With some exceptions, most of the percentages are slightly below 100% indicating that students left those classes. However, the larger than expected survival ratios between kindergarten and first grade and the three years between fifth and eighth grade indicate some movement into the district at those points.



Survival Ratios

	<i>Average Survival Ratio</i>	<i>Standard Deviation</i>
K to 1	109.19%	5.56%
1 to 2	93.58%	4.61%
2 to 3	97.66%	3.55%
3 to 4	94.70%	3.76%
4 to 5	94.96%	3.05%
5 to 6	113.76%	8.55%
6 to 7	100.77%	3.60%
7 to 8	104.93%	6.11%
8 to 9	80.66%	13.02%
9 to 10	96.15%	9.61%
10 to 11	91.09%	11.84%
11 to 12	97.94%	6.23%

*Source: Capital School District and the
State of Delaware*

Projections – The following are the projections developed using the four demographic methods. Again, the options presented in the Master Plan/Feasibility Study are based on the cohort survival method using the “most likely” development scenario presented at the end of this section.

Ratio Method: The study team collected past and projected population data for the state, county and district. The sources of these data were the U.S. Census Bureau, the State of Delaware and Applied Geographic Solutions (AGS). Special emphasis was placed on the projected population figures for the state and Kent County given the accuracy of past projections prepared by the state.



The ratios, expressed as a percent, of the county to the state and the district to the county were calculated. In addition, the percent of the district population enrolled in Capital School District was also calculated.

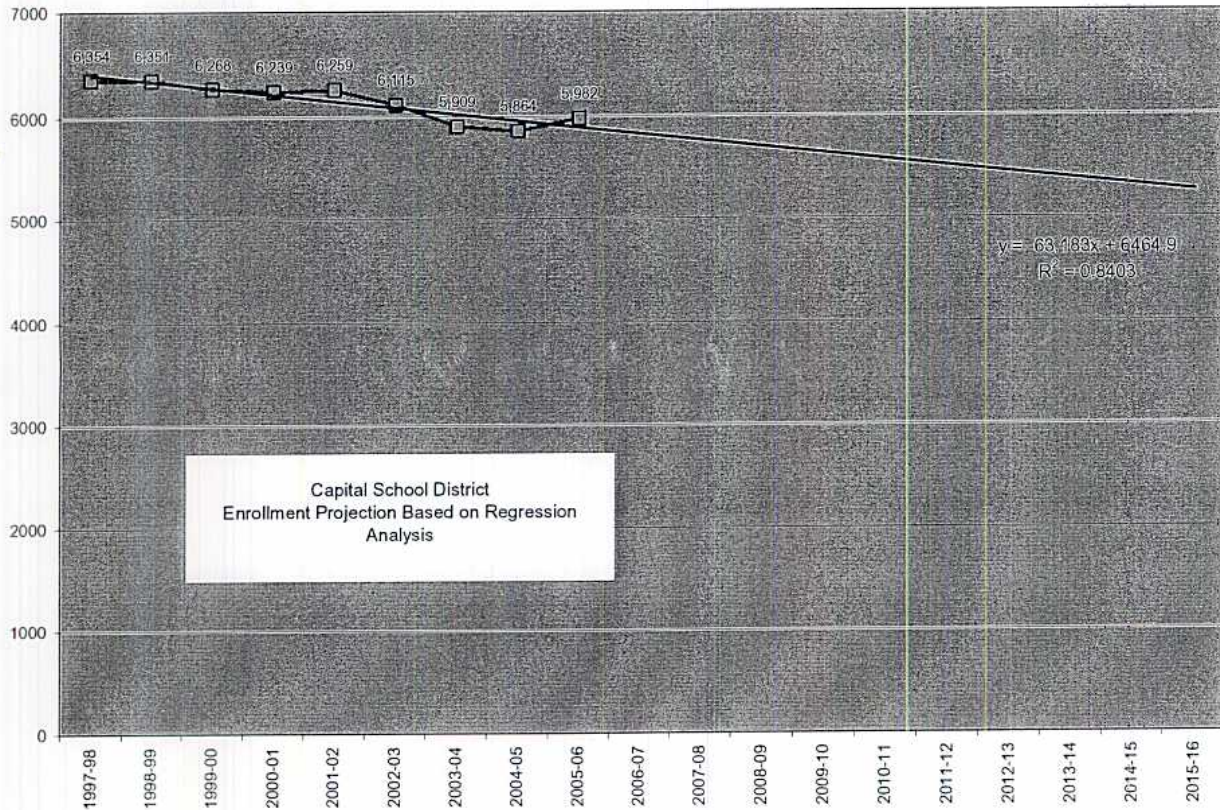
Ratio Method

	Enrollment		District		Kent Co.		Delaware
1980	5,027	15.10%	33,289	33.89%	98,217	16.53%	594,066
1990	5,710	14.60%	39,108	35.23%	110,993	16.66%	666,163
2000	6,239	13.37%	46,664	36.83%	126,697	16.17%	783,600
2005	5,982	11.70%	51,146	35.53%	143,968	17.07%	843,524
2010	6,087	10.80%	56,357	35.78%	157,522	17.40%	905,409
2015	5,957	9.65%	61,732	38.27%	161,326	17.15%	940,655

Regression Method: The second method used to project enrollment is the regression method. The chart on the following page shows the historical Capital School District enrollment from 1997 to the present. The regression trend line is shown on the graph along with the regression equation and r^2 value.

The r^2 value is a measure of how closely the data points fall in relation to the trend line. An r^2 value of 1.0 would be a perfect fit therefore the data would fall in a straight line. The value of 0.84 shows a fairly strong correlation between the data points and the trend line.

As shown by the graph, the Capital School District enrollment by the year 2015 would be about 5,250 if the regression method were used. One of the problems, however, is lack of data points. For the regression method to have more validity additional data points, representing previous years of enrollment data, should be used.



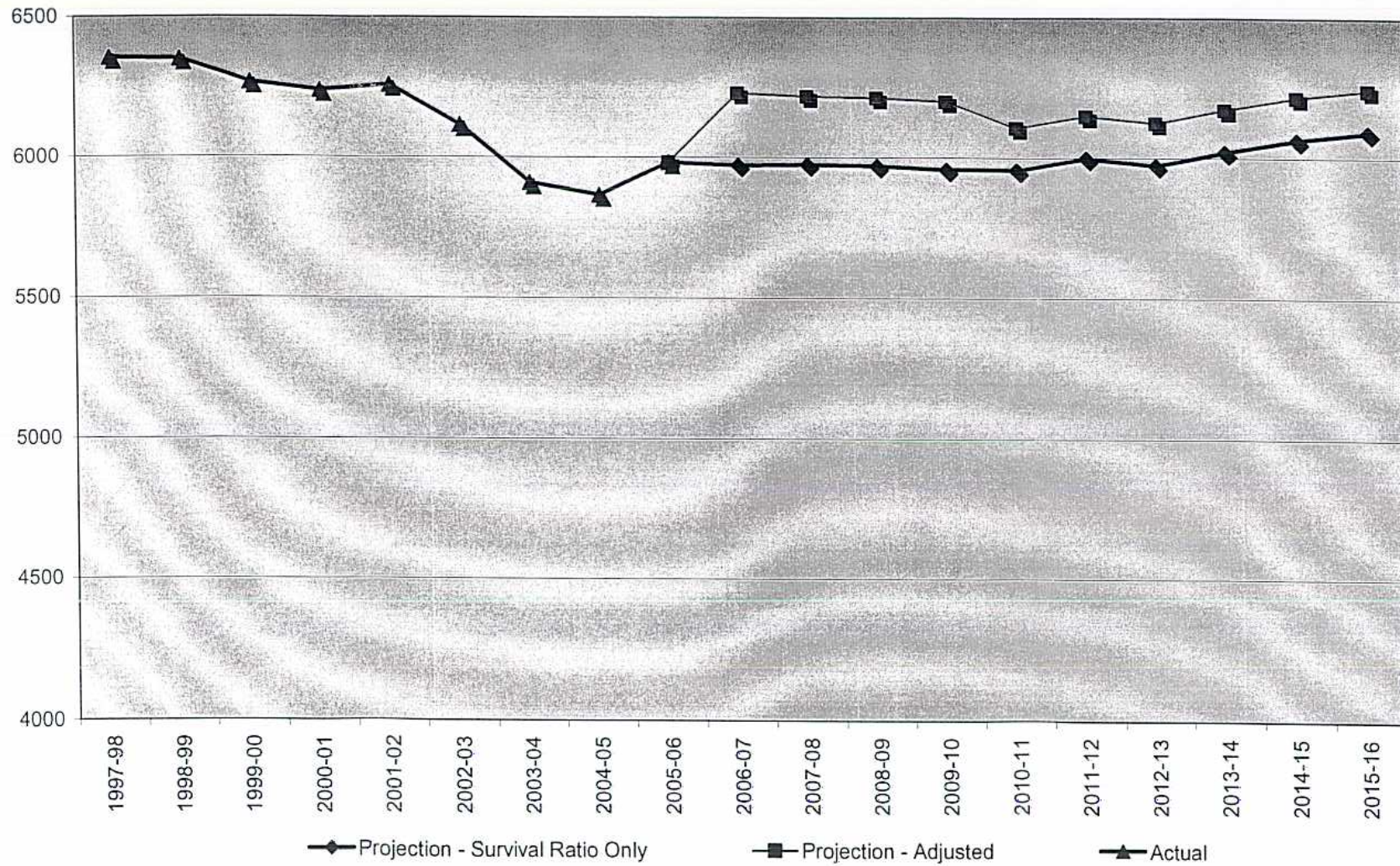
Cohort Survival Method: The third and final method of demographic projections used in this study was the Cohort Survival Method. It relies on the factors cited previously in this report. The results of the cohort survival method are shown in the graph on the following page and in tabular form in the tables on the subsequent pages.

Two projections were developed. The first is based on the grade-to-grade survival ratio that the district student population has exhibited over the past several years. This assumes that the birth rates and slightly slower rate of housing construction that the district has been experiencing the past several years continue.

The second is based on an adjustment that reflects what would happen to enrollment if, in fact, the higher rate of housing construction that is projected by some demographers is realized.



Actual and Projected Enrollment





Projection Based on Survival Ratio Only

Grade	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
K	509	488	489	489	490	490	491	491	492	492	493
1st	526	556	533	534	534	535	535	536	536	537	537
2nd	461	492	520	499	499	500	500	501	501	502	502
3rd	461	450	481	508	487	488	488	489	489	490	490
4th	413	437	426	455	481	462	462	462	463	463	464
5th	395	392	415	405	432	457	438	439	439	440	440
6th	558	449	446	472	461	492	520	499	499	500	500
7th	468	562	453	450	475	464	496	524	502	503	503
8th	541	491	590	475	472	499	487	520	549	527	528
9th	448	436	396	476	383	380	402	393	419	443	425
10th	399	431	419	381	458	368	366	387	378	403	426
11th	376	364	393	382	347	417	336	333	352	344	367
12th	370	369	356	385	374	340	408	329	326	345	337
Pre-K	56	54	57	60	62	65	68	71	74	77	79
TOTAL	5,982	5,971	5,974	5,969	5,956	5,956	5,997	5,972	6,021	6,065	6,092
ADM Change	118	-11	2	-5	-13	0	41	-25	49	44	27
% Change	2.01%	-0.18%	0.04%	-0.08%	-0.22%	0.01%	0.68%	-0.41%	0.81%	0.73%	0.45%
K-12 Total	5,926	5,918	5,918	5,910	5,894	5,891	5,929	5,902	5,947	5,989	6,013



Projection Based on Survival Ratio With Adjustments for Additional Housing

Grade	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
K	509	509	489	489	490	490	491	491	492	492	493
1st	526	578	554	554	555	548	548	549	549	550	550
2nd	461	513	543	522	522	514	514	515	515	516	516
3rd	461	471	502	529	509	501	501	502	502	503	503
4th	413	456	447	476	502	474	475	475	476	476	476
5th	395	412	434	425	452	469	451	451	451	452	452
6th	558	471	466	491	480	504	532	511	511	512	512
7th	468	584	474	471	497	478	509	537	516	516	517
8th	541	514	611	497	493	512	500	533	563	540	541
9th	448	457	419	499	406	395	416	407	434	457	439
10th	399	449	440	402	479	381	379	400	391	416	439
11th	376	379	411	400	365	428	347	345	364	355	379
12th	370	382	371	399	389	349	417	338	336	354	346
Pre-K	56	54	57	60	62	65	68	71	74	77	79
TOTAL	5,982	6,229	6,218	6,213	6,200	6,108	6,149	6,124	6,172	6,216	6,244
ADM Change	118	247	-11	-5	-13	-92	41	-25	49	44	27
% Change	2.01%	4.14%	-0.18%	-0.07%	-0.21%	-1.49%	0.67%	-0.40%	0.79%	0.71%	0.44%
K-12 Total	5,926	6,176	6,162	6,154	6,138	6,043	6,081	6,054	6,099	6,140	6,165



Capital School District is, in all likelihood going to be fairly stable during the next ten years. It is somewhat doubtful that the adjusted cohort survival projection, based on an increased level of housing construction, will occur. However, that is not impossible but it should be remembered that the impact will be fairly modest. The district, given the current factors of housing, birth rates and migration, is expected to exhibit stability in enrollment.

Finally, it should be remembered that this is a projection not a prediction. A projection is based on current factors and the "best guess" as to what those factors will be in the future.

ACTION FORM

PROCEEDING: Legislative, Finance & Administration Committee	AGENDA ITEM NO.:
DEPARTMENT OF ORIGIN: Planning & Inspections	DATE SUBMITTED: February 6, 2008
PREPARED BY: Ann Marie Townshend, AICP	
SUBJECT: Status of Proposed Downtown Incentives	
REFERENCE: N/A	
RELATED PROJECT: N/A	
APPROVALS: N/A	
EXHIBITS: Status Sheet of Proposed Downtown Incentives	
EXPENDITURE REQUIRED: N/A	AMOUNT BUDGETED: N/A
FUNDING SOURCE (Dept./Page in CIP & Budget): N/A	
TIMETABLE: Dates Identified in attachment	
RECOMMENDED ACTION: Provide feedback on progress of proposed incentives	

BACKGROUND AND ANALYSIS

The attachment details the status of a number of proposed (and existing) incentives to encourage redevelopment of downtown Dover.

The following proposed incentives have been discussed by the Downtown Dover Development Corporation and presented to City Council during their special focus meeting on economic development on November 5, 2007. Some of these incentives can be handled administratively, while others require action by City Council or the State General Assembly. This is intended to serve as an update to the Legislative, Finance and Administration Committee on the status of the various proposed incentives as well as to gain guidance from Council, through the Committee on prioritization of the proposed incentives going forward. Items in red are items that staff is actively working on in some fashion. These items include milestone dates when they will be complete or additional information will be brought forward.

Planning Office	Needs Guidance from City Council	Needs Action from State or Other Outside Entity
<p>Create a fast-track approval process for all development issues in the downtown target area.</p> <p><i>Staff Update: One of the challenges with this is balancing fast-tracking approvals with the added requirements of Historic District review. Whenever possible, staff conducts administrative review of architectural review certificates to eliminate burden on the applicants; however some applications, particularly those which include demolition, significant exterior renovation or new construction, must be reviewed by the Historic District Commission. In some cases, we have allowed overlap with the applications between Historic District Commission and Planning Commission. Staff will review whether or not a one-step application process could be utilized for projects that must go to the Historic District Commission and Planning Commission.</i></p>	<p>Case manager for new business issues. A new economic development position should be established in the city, with responsibilities for coordinating the myriad approvals necessary for a new business start-up.</p> <p><i>Staff Update: This is an issue that should be addressed through the merging of numerous organizations into the Downtown Dover Partnership. Significant progress has been made at the staff level in this regard and will be presented to City Council in March 2008. It is anticipated that the current Executive Director of Main Street Dover will fill the role as a case manager, and additional staffing needs are being evaluated that would allow this person to function more in this capacity.</i></p>	<p>Historic preservation tax credits. The state should ear-mark a set amount of historic preservation tax credits for use in the downtown BID.</p> <p><i>Staff Update: This would require action by the General Assembly. The City Council may want to approach the local delegation to bring this idea forward.</i></p>

<p>Add surface parking immediately. The proposed surface parking lot on Governor’s Avenue should be constructed immediately and made available.</p> <p><i>Staff Update: This site plan has been approved by the Planning Commission and the consultant is working to finalize the site plan and secure all agency approvals. As soon as final plans are approved by all regulatory agencies, the project will be put out to bid and constructed.</i></p>	<p>Eliminate the BID tax in downtown Dover. The Business Improvement District (BID) should be retooled in order to attract new businesses, and retain existing businesses. Currently, property owners in the BID district pay an additional BID tax in addition to property taxes, in some cases as much as 25% additional tax on property. This is viewed by many as a disincentive to business.</p> <p><i>Staff Update: Currently, there has not been action on this proposed incentive. The following issues need to be discussed in reference to this proposal: How would the City make up the funds lost through elimination of the BID tax? Would the tax be phased out or eliminated all at once? This Committee should consider making a recommendation on this specific incentive, at which time staff would work on drafting an ordinance to bring forward.</i></p>	<p>Renter’s deduction on personal income tax should be explored for the downtown target area.</p> <p><i>Staff Update: This is an incentive that would require State legislation. The Planning Office is not in a position to move this forward.</i></p>
<p>Create a downtown target area, align all downtown jurisdictions, and create incentives in the downtown target area. Currently, there are numerous “districts” in the downtown area, including three parts of the Business Improvement District, the downtown historic district, and the downtown incentives district. These jurisdictions are not aligned and cause confusion for existing property owners and potential developers.</p> <p><i>Staff Update: Staff will bring forward an ordinance to amend the description of the BID</i></p>	<p>Reduce property taxes in the target area. Property owners with mixed use (i.e., residential and commercial) in the target area should receive a reduction in property taxes.</p> <p><i>Staff Update: This is an issue that would need clear direction from City Council. It is beyond the expertise of the Planning Office to develop such an incentive and would need support from the Assessment Office to move forward.</i></p>	<p>Façade grants. Main Street Dover should continue its Façade Improvement Grants, and should request additional funding from the General Assembly for the program.</p> <p><i>Staff Update: This funding would need to be sought through the General Assembly, as the current pot of funds is very small.</i></p>

<p><i>to align with the Target Area identified in Appendix C of Dover Code. It is not practical to align the Historic Overlay Zone boundary with this area, as it has a different function and a regulatory component to it. Completion date: September 2008.</i></p>		
<p>Real estate tax abatement in downtown.</p> <p>City historic preservation tax abatement/credit.</p> <p><i>Staff Update: This issue is a matter of better promotion of these and other incentives. The 10-year tax abatement is currently available throughout the “Target Area” identified in Appendix C of Dover Code. The City’s tax credit program is open to historic properties within the City’s historic district or listed on the National Register of Historic Places. Planning staff is working with the City’s Public Affairs Coordinator to develop a strategy to better market the incentives currently offered in the downtown area. Completion date: September 2008.</i></p>	<p>Provide incentives for existing employers to invest in the downtown. Large employers in the area may have a need for housing for their work force. If the development of mixed-use mid-rises in the downtown proceeds, these larger employers may want to provide a limited investment in securing housing. In return for an investment in such a mid-rise in the downtown, the City may want to consider a reduction in property taxes on other holdings.</p> <p><i>Staff Update: This is another issue that could be better addressed under the Downtown Dover Partnership if the City hires an economic development professional to assist with this effort and city-wide economic development.</i></p>	
<p>Impact Fee waiver in the downtown. The impact fee waiver should be expanded to the entire downtown BID.</p> <p><i>Staff Update: <u>This is complete.</u> Council adopted this ordinance on January 28, 2008.</i></p>	<p>Create “ambassadors” in the downtown target area, similar to the Seattle Metropolitan Improvement District ambassadors.</p>	

<p>Tax Increment Financing should be explored for the downtown Business Improvement District.</p> <p><i>Staff Update: The Planning Office has gathered information on Tax Increment Financing and is continuing to look for application of the concept on a scale comparable to downtown Dover. This will also need to be reviewed light of the tax abatement offered in downtown Dover. Staff is concerned that the effectiveness of such a program may be negated by the size of the Dover downtown as well as the tax abatement incentive offered in the downtown area. Staff would like to give a presentation or workshop on the concept of tax increment financing to City Council and the Downtown Dover Development Corporation during fall 2008 to better explain the concept.</i></p>		
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